

**ODESSA TOWNSHIP**  
**FINANCIAL STATEMENTS**  
For the year ended March 31, 2004

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

|   |                                     |   |                        |
|---|-------------------------------------|---|------------------------|
| Local Government Type<br><input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other |                                     | Local Government Name<br><b>Odessa Township</b>                         | County<br><b>Ionia</b> |
| Audit Date<br><b>MARCH 31, 2004</b>   | Opinion Date<br><b>JULY 8, 2004</b> | Date Accountant Report Submitted to State:<br><b>SEPTEMBER 14, 2004</b> |                        |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | <b>X</b> |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | <b>X</b>     |
| Single Audit Reports (ASLGU).   |          |                 | <b>X</b>     |

|  |                         |  |                     |
|--|-------------------------|--|---------------------|
| Certified Public Accountant (Firm Name)<br><b>WALKER FLUKE &amp; SHELTON, PLLC</b> |                         |  |                     |
| Street Address<br><b>525 W APPLE ST</b>  | City<br><b>HASTINGS</b> | State<br><b>MI</b>                       | ZIP<br><b>44058</b> |
| Accountant Signature<br><b>Katherine K. Sheldon, CPA</b>                           |                         | <b>Walker, Fluke &amp; Sheldon, PLLC</b> |                     |

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**WALKER, FLUKE & SHELDON, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITORS' REPORT**

To the Township Board  
Odessa Township  
Ionia County, Michigan

We have audited the accompanying general purpose financial statements of Odessa Township, Ionia County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Odessa Township, Ionia County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Odessa Township, Ionia County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents as supplemental data are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Odessa Township, Ionia County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Hastings, Michigan  
July 8, 2004

*Walker, Fluke & Sheldon, PLC*

**ODESSA TOWNSHIP**  
**COMBINED BALANCE SHEET -**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**March 31, 2004**

| TOTAL   |            |                    |                 |                      |                  |                     |                            |                   |                       |  | TOTAL<br>(MEMORANDUM<br>ONLY) |
|---|------------|--------------------|-----------------|----------------------|------------------|---------------------|----------------------------|-------------------|-----------------------|--|-------------------------------|
| GOVERNMENTAL FUND TYPES   |            |                    |                 | FIDUCIARY FUND TYPES |                  |                     | ACCOUNT GROUPS             |                   |                       |  |                               |
| ASSETS  | General    | Special<br>Revenue | Debt<br>Service | Cemetery<br>Trust    | Pension<br>Trust | Trust<br>and Agency | General<br>Fixed<br>Assets | Long-Term<br>Debt | Primary<br>Government |  |                               |
| Cash and Cash Equivalents   | \$ 223,031 | \$ 177,537         | \$ 41,392       | \$ 3,715             | \$ -             | \$ 546              | \$ -                       | \$ -              | \$ 446,221            |  |                               |
| Investments   | 2,303      | -                  | -               | 9,961                | 96,500           | -                   | -                          | -                 | 108,764               |  |                               |
| Receivables   |            |                    |                 |                      |                  |                     |                            |                   |                       |  |                               |
| Taxes and Assessments   | 5,903      | 7,256              | -               | -                    | -                | -                   | -                          | -                 | 13,159                |  |                               |
| Special Assessments   | -          | -                  | 44,463          | -                    | -                | -                   | -                          | -                 | 44,463                |  |                               |
| Other   | -          | -                  | 161             | -                    | -                | -                   | -                          | -                 | 161                   |  |                               |
| Due from State of Michigan  | 16,292     | -                  | -               | -                    | -                | -                   | -                          | -                 | 16,292                |  |                               |
| Due from Other Funds  | 546        | -                  | -               | -                    | -                | -                   | -                          | -                 | 546                   |  |                               |
| Fixed Assets  | -          | -                  | -               | -                    | -                | -                   | 811,859                    | -                 | 811,859               |  |                               |
| Amount to be Provided for Retirement<br>of General Long-Term Debt | -          | -                  | -               | -                    | -                | -                   | -                          | 84,000            | 84,000                |  |                               |
| Total Assets  | \$ 248,075 | \$ 184,793         | \$ 86,016       | \$ 13,676            | \$ 96,500        | \$ 546              | \$ 811,859                 | \$ 84,000         | \$ 1,525,465          |  |                               |
| LIABILITIES AND FUND EQUITY                                       |            |                    |                 |                      |                  |                     |                            |                   |                       |  |                               |
| Liabilities   |            |                    |                 |                      |                  |                     |                            |                   |                       |  |                               |
| Due to Other Funds  | \$ -       | \$ -               | \$ -            | \$ -                 | \$ -             | \$ 546              | \$ -                       | \$ -              | \$ 546                |  |                               |
| Other Accrued Liabilities   | -          | -                  | 2,587           | -                    | -                | -                   | -                          | -                 | 2,587                 |  |                               |
| Deferred Revenue  | -          | -                  | 43,912          | -                    | -                | -                   | -                          | -                 | 43,912                |  |                               |
| Bonds Payable   | -          | -                  | -               | -                    | -                | -                   | -                          | 84,000            | 84,000                |  |                               |
| Total Liabilities   | -          | -                  | 46,499          | -                    | -                | 546                 | -                          | 84,000            | 131,045               |  |                               |
| Fund Equity   |            |                    |                 |                      |                  |                     |                            |                   |                       |  |                               |
| Investment in Fixed Assets  | -          | -                  | -               | -                    | -                | -                   | 811,859                    | -                 | 811,859               |  |                               |
| Fund Balances   |            |                    |                 |                      |                  |                     |                            |                   |                       |  |                               |
| Unreserved-Undesignated   | 194,745    | 184,793            | 39,517          | 13,676               | 96,500           | -                   | -                          | -                 | 529,231               |  |                               |
| Designated  | 53,330     | -                  | -               | -                    | -                | -                   | -                          | -                 | 53,330                |  |                               |
| Total Fund Equity   | 248,075    | 184,793            | 39,517          | 13,676               | 96,500           | -                   | 811,859                    | -                 | 1,394,420             |  |                               |
| Total Liabilities and Fund Equity                                 | \$ 248,075 | \$ 184,793         | \$ 86,016       | \$ 13,676            | \$ 96,500        | \$ 546              | \$ 811,859                 | \$ 84,000         | \$ 1,525,465          |  |                               |

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended March 31, 2004**

|  | GOVERNMENTAL FUND TYPES |                    |                  | TOTAL<br>(MEMORANDUM<br>ONLY) |
|--|-------------------------|--------------------|------------------|-------------------------------|
|  | General                 | Special<br>Revenue | Debt<br>Service  | Primary<br>Government         |
| Revenues   |                         |                    |                  |                               |
| Taxes and Penalties  | \$ 103,204              | \$ 123,211         | \$ -             | \$ 226,415                    |
| State Grants   | 128,644                 | -                  | -                | 128,644                       |
| Contributions From Local Units   | 9,570                   | -                  | -                | 9,570                         |
| Charges for Services   | 24,670                  | -                  | -                | 24,670                        |
| Interest and Rentals   | 7,627                   | 1,393              | 4,128            | 13,148                        |
| Other Revenue  | 11,312                  | -                  | 17,600           | 28,912                        |
| Total Revenues   | <u>285,027</u>          | <u>124,604</u>     | <u>21,728</u>    | <u>431,359</u>                |
| Expenditures   |                         |                    |                  |                               |
| Current  |                         |                    |                  |                               |
| Legislative  | 2,909                   | -                  | -                | 2,909                         |
| General Government   | 161,220                 | -                  | -                | 161,220                       |
| Public Safety  | 47,679                  | -                  | -                | 47,679                        |
| Public Works   | 72,516                  | -                  | -                | 72,516                        |
| Recreation and Cultural  | 500                     | 39,437             | -                | 39,937                        |
| Other  | 15,502                  | -                  | -                | 15,502                        |
| Capital Outlay   | 12,341                  | -                  | -                | 12,341                        |
| Debt Service   |                         |                    |                  |                               |
| Principal  | -                       | -                  | 22,000           | 22,000                        |
| Interest and Fiscal Charges  | -                       | -                  | 5,424            | 5,424                         |
| Total Expenditures   | <u>312,667</u>          | <u>39,437</u>      | <u>27,424</u>    | <u>379,528</u>                |
| Excess of Revenues Over<br>(Under) Expenditures                                  | <u>(27,640)</u>         | <u>85,167</u>      | <u>(5,696)</u>   | <u>51,831</u>                 |
| Other Financing Sources (Uses)   |                         |                    |                  |                               |
| Operating Transfers In   | 34,027                  | -                  | -                | 34,027                        |
| Operating Transfers Out  | -                       | (33,351)           | -                | (33,351)                      |
| Total Other Financing<br>Sources (Uses)  | <u>34,027</u>           | <u>(33,351)</u>    | <u>-</u>         | <u>676</u>                    |
| Excess of Revenues and Other Sources<br>Over (Under) Expenditures and Other Uses | 6,387                   | 51,816             | (5,696)          | 52,507                        |
| Fund Balance-April 1, 2003   | <u>241,688</u>          | <u>132,977</u>     | <u>45,213</u>    | <u>419,878</u>                |
| Fund Balance-March 31, 2004  | <u>\$ 248,075</u>       | <u>\$ 184,793</u>  | <u>\$ 39,517</u> | <u>\$ 472,385</u>             |

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND, SPECIAL REVENUE AND DEBT SERVICE FUNDS**  
**For the Year Ended March 31, 2004**

|   | GENERAL FUND |            |  | SPECIAL REVENUE FUNDS |            |  | DEBT SERVICE FUNDS |           |  | TOTAL (MEMORANDUM ONLY) |            |  |
|---|--------------|------------|--|-----------------------|------------|--|--------------------|-----------|--|-------------------------|------------|--|
|   | Budget       | Actual     | Variance<br>Favorable<br>(Unfavorable) | Budget                | Actual     | Variance<br>Favorable<br>(Unfavorable) | Budget             | Actual    | Variance<br>Favorable<br>(Unfavorable) | Budget                  | Actual     | Variance<br>Favorable<br>(Unfavorable) |
| Revenues  |              |            |  |                       |            |  |                    |           |  |                         |            |  |
| Taxes and Penalties   | \$ 92,750    | \$ 103,204 | \$ 10,454                              | \$ 74,000             | \$ 123,211 | \$ 49,211                              | \$ -               | \$ -      | \$ -                                   | \$ 166,750              | \$ 226,415 | \$ 59,665                              |
| State Grants  | 130,200      | 128,644    | (1,556)                                | -                     | -          | -                                      | -                  | -         | -                                      | 130,200                 | 128,644    | (1,556)                                |
| Contributions From Local Units  | 28,720       | 9,570      | (19,150)                               | -                     | -          | -                                      | -                  | -         | -                                      | 28,720                  | 9,570      | (19,150)                               |
| Charges for Services  | 26,200       | 24,670     | (1,530)                                | -                     | -          | -                                      | -                  | -         | -                                      | 26,200                  | 24,670     | (1,530)                                |
| Interest and Rentals  | 7,800        | 7,627      | (173)                                  | 500                   | 1,393      | 893                                    | 3,710              | 4,128     | 418                                    | 12,010                  | 13,148     | 1,138                                  |
| Other Revenue   | 8,830        | 11,312     | 2,482                                  | -                     | -          | -                                      | 14,000             | 17,600    | 3,600                                  | 22,830                  | 28,912     | 6,082                                  |
| Total Revenues  | 294,500      | 285,027    | (9,473)                                | 74,500                | 124,604    | 50,104                                 | 17,710             | 21,728    | 4,018                                  | 386,710                 | 431,359    | 44,649                                 |
| Expenditures  |              |            |  |                       |            |  |                    |           |  |                         |            |  |
| Current   |              |            |  |                       |            |  |                    |           |  |                         |            |  |
| Legislative   | 4,100        | 2,909      | 1,191                                  | -                     | -          | -                                      | -                  | -         | -                                      | 4,100                   | 2,909      | 1,191                                  |
| General Government  | 174,307      | 161,220    | 13,087                                 | -                     | -          | -                                      | -                  | -         | -                                      | 174,307                 | 161,220    | 13,087                                 |
| Public Safety   | 55,500       | 47,679     | 7,821                                  | -                     | -          | -                                      | -                  | -         | -                                      | 55,500                  | 47,679     | 7,821                                  |
| Public Works  | 110,000      | 72,516     | 37,484                                 | -                     | -          | -                                      | -                  | -         | -                                      | 110,000                 | 72,516     | 37,484                                 |
| Recreation and Cultural   | 500          | 500        | -                                      | -                     | -          | -                                      | -                  | -         | -                                      | 500                     | 39,937     | (39,437)                               |
| Other   | 17,250       | 15,502     | 1,748                                  | -                     | 39,437     | (39,437)                               | -                  | -         | -                                      | 17,250                  | 15,502     | 1,748                                  |
| Capital Outlay  | 41,291       | 12,341     | 28,950                                 | -                     | -          | -                                      | -                  | -         | -                                      | 41,291                  | 12,341     | 28,950                                 |
| Debt Service  | -            | -          | -                                      | -                     | -          | -                                      | -                  | -         | -                                      | -                       | -          | -                                      |
| Principal   | -            | -          | -                                      | -                     | -          | -                                      | -                  | -         | -                                      | -                       | -          | -                                      |
| Interest and Fiscal Charges   | -            | -          | -                                      | -                     | -          | -                                      | 22,000             | 22,000    | -                                      | 22,000                  | 22,000     | -                                      |
| Total Expenditures  | 402,948      | 312,667    | 90,281                                 | -                     | -          | -                                      | 6,150              | 5,424     | 726                                    | 6,150                   | 5,424      | 726                                    |
| Excess of Revenues Over (Under)   |              |            |  |                       |            |  |                    |           |  |                         |            |  |
| Expenditures  | (108,448)    | (27,640)   | 80,808                                 | 74,500                | 85,167     | 10,667                                 | (10,440)           | (5,696)   | 4,744                                  | 431,098                 | 379,528    | 51,570                                 |
| Other Financing Sources (Uses)  |              |            |  |                       |            |  |                    |           |  |                         |            |  |
| Operating Transfers In  | 68,700       | 34,027     | (34,673)                               | -                     | -          | -                                      | -                  | -         | -                                      | -                       | -          | -                                      |
| Operating Transfers Out   | -            | -          | -                                      | (68,000)              | (33,351)   | 34,649                                 | -                  | -         | -                                      | 68,700                  | 34,027     | (34,673)                               |
| Total Other Financing Sources (Uses)  | 68,700       | 34,027     | (34,673)                               | (68,000)              | (33,351)   | 34,649                                 | -                  | -         | -                                      | (68,000)                | (33,351)   | 34,649                                 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (39,748)     | 6,387      | 46,135                                 | 6,500                 | 51,816     | 45,316                                 | (10,440)           | (5,696)   | 4,744                                  | 700                     | 676        | (24)                                   |
| Fund Balance-April 1, 2003  | 241,688      | 241,688    | -                                      | 132,977               | 132,977    | -                                      | 45,213             | 45,213    | -                                      | 419,878                 | 419,878    | -                                      |
| Fund Balance-March 31, 2004   | \$ 201,940   | \$ 248,075 | \$ 46,135                              | \$ 139,477            | \$ 184,793 | \$ 45,316                              | \$ 34,773          | \$ 39,517 | \$ 4,744                               | \$ 376,190              | \$ 472,385 | \$ 96,195                              |

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND BALANCE - TRUST FUND TYPES**  
**For the Year Ended March 31, 2004**

|                                | <u>FIDUCIARY FUND TYPE</u> |                  | <u>TOTAL</u>       |
|--------------------------------|----------------------------|------------------|--------------------|
|                                | <u>Cemetery</u>            | <u>Pension</u>   | <u>(MEMORANDUM</u> |
|                                | <u>Trust</u>               | <u>Trust</u>     | <u>ONLY)</u>       |
| Operating Revenues             |                            |                  |                    |
| Contributions to Pension Plan  | \$ -                       | \$ 7,935         | \$ 7,935           |
| Investment Income              | -                          | 22,708           | 22,708             |
| Total Operating Revenues       | -                          | 30,643           | 30,643             |
| Operating Expenses             |                            |                  |                    |
| Distributions to Participants  | -                          | 96,323           | 96,323             |
| Administrative Fees            | -                          | 1,972            | 1,972              |
| Total Operating Expenses       | -                          | 98,295           | 98,295             |
| Operating Income (Loss)        | -                          | (67,652)         | (67,652)           |
| Nonoperating Revenues          |                            |                  |                    |
| Interest Earned on Investments | 596                        | -                | 596                |
| Total Nonoperating Revenues    | 596                        | -                | 596                |
| Net Income (Loss) Before Other | 596                        | (67,652)         | (67,056)           |
| Financing Sources (Uses)       |                            |                  |                    |
| Other Financing Sources (Uses) |                            |                  |                    |
| Operating Transfers Out        | (676)                      | -                | (676)              |
| Total Other Financing Sources  | (676)                      | -                | (676)              |
| Net Income (Loss)              | (80)                       | (67,652)         | (67,732)           |
| Fund Balance-April 1, 2003     | 13,756                     | 164,152          | 177,908            |
| Fund Balance-March 31, 2004    | <u>\$ 13,676</u>           | <u>\$ 96,500</u> | <u>\$ 110,176</u>  |

The Notes to Financial Statements are an integral part of this statement.



**ODESSA TOWNSHIP**  
**COMBINED STATEMENT OF CASH FLOWS -**  
**NON-EXPENDABLE TRUST FUND TYPES**  
**For the Year Ended March 31, 2004**

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|   | <u>Cemetery<br/>Trust</u> |
|---|---------------------------|
| Cash Flows From Operating Activities                          |                           |
| Cash Receipts from Customers                                  | \$ -                      |
| Cash Payments for Goods and Services                          | <u>-</u>                  |
| Net Cash Provided by Operating Activities                     | <u>-</u>                  |
| Cash Flows From Capital and Related Financing Activities      |                           |
| Transfers to Other Funds                                      |                           |
| Acquisition of Capital Assets                                 | (676)                     |
| Net Cash Provided by Capital and Related Financing Activities | <u>(676)</u>              |
| Cash Flows From Investing Activities                          |                           |
| Interest on Cash Equivalents                                  | <u>596</u>                |
| Net Cash Provided By Investing Activities                     | <u>596</u>                |
| Net Increase in Cash and Cash Equivalents                     | (80)                      |
| Cash and Cash Equivalents-Beginning of Year                   | <u>13,756</u>             |
| Cash and Cash Equivalents-End of Year                         | <u>\$ 13,676</u>          |

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**DESCRIPTION OF TOWNSHIP OPERATIONS**

Odessa Township is located in Ionia County, Michigan. The Township operates under an elected board of five members and provides services to residents in many areas including roads, library and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities.

**REPORTING ENTITY**

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present Odessa Township and its component units. The criteria established by the GASB for determining the reporting entity include oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

**JOINT VENTURES**

**Fire Department**

The Township, together with the Village of Lake Odessa has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the Lake Odessa Fire Department. The Lake Odessa Fire Department operates under an appointed board of six members. Lake Odessa Fire Department receives 55% of its operating budget from Odessa Township and the remaining 45% from the Village of Lake Odessa. All pre-existing property used by the Fire Department that is titled in the name of Odessa Township or Village of Lake Odessa will remain the property of such entity.

Odessa Township's share of the cost of fire protection and transfers for the year ended March 31, 2004 totaled \$44,106.

The following information summarizes the activity of the joint venture through March 31, 2004, the most recent audited financial statements available.

|                                      |    |       |                                     |    |        |
|--------------------------------------|----|-------|-------------------------------------|----|--------|
| Total Assets                         | \$ | 8,560 | Total Revenues                      | \$ | 63,771 |
| Total Liabilities                    | \$ | -     | Total Expenditures                  | \$ | 56,512 |
| Total Equity                         | \$ | 8,560 | Increase (Decrease) in Fund Balance | \$ | 7,259  |
| Total Joint Venture Outstanding Debt | \$ | -     |                                     |    |        |

Complete financial statements for Lake Odessa Fire Department can be obtained from:

Lisa Williams  
3862 Laurel Rd  
Lake Odessa, MI 48849

Odessa Township's total equity share in Lake Odessa Fire Department is \$4,708 of which \$716 represents their equity interest in the fixed assets and is reported in the General Fixed Assets Account Group.

**BASIS OF PRESENTATION**

The accounts of the Township are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The financial activities of Odessa Township are recorded in separate funds and account groups, categorized as follows:

**GOVERNMENTAL FUNDS**

**General Fund**

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of the general Odessa Township governmental departments, boards and commissions. The fund includes the general operating expenditures of the local unit.

**Special Revenue Funds**

These funds are used to account for specific revenue (other than special assessments, expendable trusts, or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

**Debt Service Funds**

These funds are used to record revenue, which is restricted for the payment of principal and interest on debt recorded in the General Long-Term Debt Account Group.

**FIDUCIARY FUNDS**

**Cemetery Trust**

The cemetery trust fund accounts for the Township's perpetual care of certain cemetery lots.

**Pension Trust**

The pension trust fund accounts for the Township's single-employer public employee retirement plan.

**Trust and Agency Funds**

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust Funds; (c) Pension Trust Funds; and (d) Agency Funds.

**ACCOUNT GROUPS**

**General Fixed Assets Account Group**

This Account Group presents the fixed assets of the local unit utilized in its general operations (non-proprietary fixed assets).

Fixed assets used in the general operation of Odessa Township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized.

**General Long-Term Debt Account Group**

This Account Group presents the balance of general obligation long-term debt, which is not recorded in proprietary or trust funds.

**MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures (expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting policies of Odessa Township conform to generally accepted accounting principles as applicable to governmental units.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Governmental Funds**

The Governmental Fund Types (General, Special Revenue and Debt Service) use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due, and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

**Fiduciary Funds**

The Fiduciary Funds are maintained on a cash basis, which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

**Other Financing Sources (Uses)**

The transfers of cash between the various funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

**FIXED ASSETS**

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on such fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at its estimated fair market value on the date donated.

**BUDGETS, BUDGETARY ACCOUNTING AND BUDGET BASIS OF ACCOUNTING**

Budgets are adopted for all governmental fund types, as required by law. Budgets are adopted at the activity level. The combined statement of revenues, expenditures, and changes in the fund balance - all governmental funds present comparisons at the functional level. The Township uses the same basis of accounting for budgeting purposes as for financial statement presentation. The budget has been prepared in accordance with the requirements of P.A. 621 of 1978. The budget figures used are not the original amounts adopted at the beginning of the year. The budget has been amended by the Township Board at regularly scheduled meetings in accordance with the requirements of P.A. 621 of 1978.

**ENCUMBRANCE ACCOUNTING**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by Odessa Township.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CASH, CASH EQUIVALENTS, AND INVESTMENTS**

For purposes of the statement of cash flows, demand deposits and investments in certificates of deposit are considered to be cash equivalents. Certificates of deposit with a maturity greater than three months are included on the Combined Balance Sheet as Investments.

Investments are recorded at cost, which approximates market value, and are categorized as non-risk investments.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**RECEIVABLES - TAXES**

The Township's property taxes are levied and become a lien on each December 1 based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28. After that date, they are added to the county delinquent tax rolls.

The 2003 State taxable valuation of the Township totaled \$84,199,834 on which ad valorem taxes levied consisted of .9102 mills for Township operating purposes, .9693 mills for the Township's roads and .5000 mills for Township library, raising \$76,402 for operating purposes, \$81,364 for roads and \$41,967 for the library. The amounts recognized in the financial statements as current property tax revenue represent 2003 taxes collected through March 31, 2004.

The delinquent real property taxes of the Township are purchased by Ionia County. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. The Township receives its settlement of delinquent property taxes from Ionia County within the sixty-day period and therefore recognizes the revenue as current year property tax revenue.

**RECEIVABLES - SPECIAL ASSESSMENTS**

Special assessment revenue is recorded as deferred when initially assessed. Special assessment revenue is recognized as revenue when both measurable and available. Any portion of the special assessments, which does not meet both criteria, is reported as deferred revenue. The special assessment receivable on the Combined Balance Sheet-All Fund Types and Account Groups represents the portion of the special assessment that has not been collected as of March 31 that will be spread on future tax rolls and the previous year delinquent taxes that have not been collected from the County Treasurer as of March 31.

**TOTAL COLUMN ON COMBINED STATEMENTS - OVERVIEW**

The total column on the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

**COMBINING FINANCIAL STATEMENTS**

Combining financial statements are not presented for the general fund and debt service fund because they are the only funds of their type.

**FUND BALANCE DESIGNATION**

In the general fund, parts of the fund balance have been designated for fire equipment and cemetery. By designating a portion of fund balance for a specific purpose, the Township Board has established a policy that the amounts designated be used for a specific purpose. The Township Board can change the amounts so designated if they desire.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004**

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS (Continued)**

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated, as follows:

| <u>FUND</u>            | <u>TOTAL<br/>APPROPRIATIONS</u> | <u>AMOUNT OF<br/>EXPENDITURES</u> | <u>BUDGET<br/>VARIANCE</u> |
|------------------------|---------------------------------|-----------------------------------|----------------------------|
| Special Revenue Funds: |                                 |                                   |                            |
| Library                | \$ -                            | \$ 39,437                         | \$ 39,437                  |

**BALANCE SHEET - CASH AND INVESTMENTS**

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated three banks and one savings bank for the deposit of Odessa Township funds.

The Township retirement system's investments are held in trust by the investment fiduciary, Manufacturers Life Financial. Michigan Compiled Laws, Section 38.1132, authorizes the Township retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system.

The Township's deposits and investments are in accordance with statutory authority.

The Combined Balance Sheet caption cash and cash equivalents includes \$50 of petty cash.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township cash deposits are as follows:

|   | <u>CARRYING<br/>AMOUNT</u> | <u>BANK<br/>BALANCE</u> |
|---|----------------------------|-------------------------|
| Insured (FDIC)  | \$ 241,392                 | \$ 241,392              |
| Uninsured   | 217,043                    | 257,014                 |
| Total Deposits  | <u>\$ 458,435</u>          | <u>\$ 498,406</u>       |
| Cash and Cash Equivalents   | \$ 446,171                 | \$ 486,142              |
| Investments in Certificates of Deposit with a<br>Maturity Greater Than Three Months | 12,264                     | 12,264                  |
| Total Deposits  | <u>\$ 458,435</u>          | <u>\$ 498,406</u>       |

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004**

**BALANCE SHEET - CASH AND INVESTMENTS (Continued)**

The nature of the investments does not allow for risk categorization, which is in accordance with GASB Statement No. 3.

|                                     | <u>CARRYING<br/>AMOUNT</u> | <u>MARKET<br/>VALUE</u> |
|-------------------------------------|----------------------------|-------------------------|
| Pension Trust<br>Guaranteed Account | <u>\$ 96,500</u>           | <u>\$ 96,500</u>        |

**FIXED ASSETS**

A summary of the changes in the general fixed assets account group is as follows:

|                             | <u>BALANCE<br/>03/31/03</u> | <u>ADDITIONS</u> | <u>RETIREMENTS</u> | <u>BALANCE<br/>03/31/04</u> |
|-----------------------------|-----------------------------|------------------|--------------------|-----------------------------|
| Land and Buildings          | \$ 311,059                  | \$ -             | \$ -               | \$ 311,059                  |
| Equipment - Township Hall   | 33,899                      | -                | -                  | 33,899                      |
| Equipment - Cemetery        | 53,504                      | 10,595           | 9,264              | 54,835                      |
| Equipment - Fire Protection | 409,604                     | 1,746            | -                  | 411,350                     |
| Investment in Joint Venture | -                           | 716              | -                  | 716                         |
| Total                       | <u>\$ 808,066</u>           | <u>\$ 13,057</u> | <u>\$ 9,264</u>    | <u>\$ 811,859</u>           |

**INTERFUND RECEIVABLES AND PAYABLES**

The amounts of the interfund receivables and payables are as follows:

| <u>FUND</u> | <u>INTERFUND<br/>RECEIVABLES</u> | <u>FUND</u>      | <u>INTERFUND<br/>PAYABLES</u> |
|-------------|----------------------------------|------------------|-------------------------------|
| General     | \$ 546                           | Trust and Agency | \$ 546                        |
|             | <u>\$ 546</u>                    |                  | <u>\$ 546</u>                 |

**GENERAL LONG-TERM DEBT**

The following is a summary of changes in general long-term debt and other debt obligation transactions of Odessa Township for the year ended March 31, 2004:

|                          | <u>03/31/03</u> | <u>ADDITIONS</u> | <u>REDUCTIONS</u> | <u>03/31/04</u> |
|--------------------------|-----------------|------------------|-------------------|-----------------|
| Special Assessment Bonds | \$ 106,000      | \$ -             | \$ 22,000         | \$ 84,000       |

Total interest expense for the Township for the year amounted to \$5,175.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004**

**GENERAL LONG-TERM DEBT (Continued)**

Willowbrook Special Assessment Bonds-Dated July 1, 1992, Amount Issued \$195,000.

| <u>FISCAL YEAR<br/>ENDING<br/>MARCH 31</u> | <u>RATE</u> | <u>INTEREST<br/>OCTOBER 1</u> | <u>INTEREST<br/>APRIL 1</u> | <u>PRINCIPAL<br/>APRIL 1</u> | <u>TOTAL</u>     |
|--|-------------|-------------------------------|-----------------------------|------------------------------|------------------|
| 2005                                       | 6.00        | \$ 1,137                      | \$ 1,588                    | \$ 15,000                    | \$ 17,725        |
| 2006                                       | 6.50        | 650                           | 1,137                       | 15,000                       | 16,787           |
| 2007                                       | 6.50        | 162                           | 650                         | 15,000                       | 15,812           |
| 2008                                       | 6.50        | -                             | 162                         | 5,000                        | 5,162            |
|  |             | <u>\$ 1,949</u>               | <u>\$ 3,537</u>             | <u>\$ 50,000</u>             | <u>\$ 55,486</u> |

Tupper Lake Special Assessment Bonds-Dated January 3, 1994, Amount Issued \$98,000.

| <u>FISCAL YEAR<br/>ENDING<br/>MARCH 31</u> | <u>RATE</u> | <u>INTEREST<br/>OCTOBER 1</u> | <u>INTEREST<br/>APRIL 1</u> | <u>PRINCIPAL<br/>APRIL 1</u> | <u>TOTAL</u>     |
|--|-------------|-------------------------------|-----------------------------|------------------------------|------------------|
| 2005                                       | 5.70        | \$ 801                        | \$ 1,000                    | \$ 7,000                     | \$ 8,801         |
| 2006                                       | 5.80        | 568                           | 801                         | 8,000                        | 9,369            |
| 2007                                       | 5.90        | 362                           | 568                         | 7,000                        | 7,930            |
| 2008                                       | 6.00        | 122                           | 362                         | 8,000                        | 8,484            |
| 2009                                       | 6.10        | -                             | 122                         | 4,000                        | 4,122            |
|  |             | <u>\$ 1,853</u>               | <u>\$ 2,853</u>             | <u>\$ 34,000</u>             | <u>\$ 38,706</u> |

The annual debt service requirements, including interest of \$10,192, through maturity for all debts outstanding as of March 31, 2004 are as follows:

|                  |                  |
|------------------|------------------|
| 4/1/04 - 3/31/05 | \$ 26,526        |
| 4/1/05 - 3/31/06 | 26,156           |
| 4/1/06 - 3/31/07 | 23,742           |
| 4/1/07 - 3/31/08 | 13,646           |
| Thereafter       | <u>4,122</u>     |
| Total            | <u>\$ 94,192</u> |

**EMPLOYEE'S RETIREMENT SYSTEM - DEFINED CONTRIBUTION PLAN**

The Township contributes to a defined contribution pension plan for its employees. Manufacturers Life Insurance Company holds the participants' accounts in individual "guaranteed accounts".

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participants' benefits that may be allocated to such participant's account. The pension plan is available to all elected officials of the Township and to the cemetery employees who have attained the age of 18. Contributions by the Township vest upon completion of twenty months of service. The Township contributes 10% of the participants' gross earnings. Voluntary employee contributions are not allowed.



**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004**

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**EMPLOYEE'S RETIREMENT SYSTEM - DEFINED CONTRIBUTION PLAN (Continued)**

During the year, the Township's required and actual contributions amounted to \$7,294, which was 10.29% of its current-year covered payroll of \$70,867. The total fiscal year payroll was \$83,033.

Effective April 1, 2004, the Township amended its pension plan, changing its contribution percentage. In addition, voluntary employee contributions are not allowed.

**RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township manages its risk exposure through a combination of risk management pools and commercial insurance. The Township has insurance provided by an independent insurance company for worker's compensation. Following is a summary of the risk management pool participation.

The Township participates in the Michigan Township Participating Plan (Par Plan) for property, general liability, and employee bond coverage. The Par Plan was established in April 1985, pursuant to laws of the State of Michigan which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Par Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Par Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself in the event a reinsurance becomes uncollectible by purchasing a reinsurance treaty for uncollectible reinsurance.

The Par Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles), which vary from member to member.

At March 31, 2004, there were no claims, which exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

ODESSA TOWNSHIP  
COMBINING BALANCE SHEET -  
SPECIAL REVENUE FUNDS  
March 31, 2004

| <u>ASSETS</u>                          | <u>ROAD<br/>FUND</u> | <u>LIBRARY<br/>FUND</u> | <u>TOTAL</u>      |
|--|----------------------|-------------------------|-------------------|
| Cash and Cash Equivalents              | \$ 177,537           | \$ -                    | \$ 177,537        |
| Receivables                            |                      |                         |                   |
| Taxes and Assessments                  | <u>4,787</u>         | <u>2,469</u>            | <u>7,256</u>      |
| Total Assets                           | <u>\$ 182,324</u>    | <u>\$ 2,469</u>         | <u>\$ 184,793</u> |
| <br><u>LIABILITIES AND FUND EQUITY</u> |                      |                         |                   |
| Liabilities                            |                      |                         |                   |
| Accounts Payable                       | <u>\$ -</u>          | <u>\$ -</u>             | <u>\$ -</u>       |
| Total Liabilities                      | <u>-</u>             | <u>-</u>                | <u>-</u>          |
| Fund Equity                            |                      |                         |                   |
| Fund Balance                           |                      |                         |                   |
| Unreserved-Undesignated                | <u>182,324</u>       | <u>2,469</u>            | <u>184,793</u>    |
| Total Fund Equity                      | <u>182,324</u>       | <u>2,469</u>            | <u>184,793</u>    |
| Total Liabilities and Fund Equity      | <u>\$ 182,324</u>    | <u>\$ 2,469</u>         | <u>\$ 184,793</u> |

**ODESSA TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS**  
**For the Year Ended March 31, 2004**

| <u>Revenues</u>                      | <u>ROAD<br/>FUND</u> | <u>LIBRARY<br/>FUND</u> | <u>TOTAL</u>      |
|--------------------------------------|----------------------|-------------------------|-------------------|
| Taxes and Penalties:                 |                      |                         |                   |
| Current Property Tax                 | \$ 76,292            | \$ 39,437               | \$ 115,729        |
| Delinquent Property Tax              | <u>5,013</u>         | <u>2,469</u>            | <u>7,482</u>      |
| Total Taxes and Penalties            | 81,305               | 41,906                  | 123,211           |
| Interest and Rentals                 | <u>1,393</u>         | <u>-</u>                | <u>1,393</u>      |
| Total Revenues                       | <u>82,698</u>        | <u>41,906</u>           | <u>124,604</u>    |
| <br><u>Expenditures</u>              |                      |                         |                   |
| Recreation and Cultural:             |                      |                         |                   |
| Library:                             |                      |                         |                   |
| Contracted Services                  | <u>-</u>             | <u>39,437</u>           | <u>39,437</u>     |
| Total Recreation and Cultural        | <u>-</u>             | <u>39,437</u>           | <u>39,437</u>     |
| Total Expenditures                   | <u>-</u>             | <u>39,437</u>           | <u>39,437</u>     |
| Excess of Revenues Over (Under)      |                      |                         |                   |
| Expenditures                         | <u>82,698</u>        | <u>2,469</u>            | <u>85,167</u>     |
| Other Financing Sources (Uses)       |                      |                         |                   |
| Operating Transfers In               | <u>-</u>             | <u>-</u>                | <u>-</u>          |
| Operating Transfers Out              | <u>(33,351)</u>      | <u>-</u>                | <u>(33,351)</u>   |
| Total Other Financing Sources (Uses) | <u>(33,351)</u>      | <u>-</u>                | <u>(33,351)</u>   |
| Excess of Revenues and Other Sources |                      |                         |                   |
| Over Expenditures and Other Uses     | 49,347               | 2,469                   | 51,816            |
| Fund Balance-April 1, 2003           | <u>132,977</u>       | <u>-</u>                | <u>132,977</u>    |
| Fund Balance-March 31, 2004          | <u>\$ 182,324</u>    | <u>\$ 2,469</u>         | <u>\$ 184,793</u> |

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended March 31, 2004**

| <u>Revenues</u>                    | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|------------------------------------|---------------|---------------|---|
| Taxes and Penalties:               |               |               |   |
| Current Property Taxes             |               | \$ 71,640     |   |
| Delinquent Property Taxes          |               | 4,904         |   |
| Collection Fees                    |               | 25,379        |   |
| Penalties and Interest on Taxes    |               | 1,281         |   |
| Total Taxes and Penalties          | \$ 92,750     | 103,204       | \$ 10,454                                       |
| State Grants:                      |               |               |   |
| State Revenue Sharing:             |               |               |   |
| Sales Tax                          |               | 123,366       |   |
| Other                              |               | 5,278         |   |
| Total State Grants                 | 130,200       | 128,644       | (1,556)   |
| Contributions From Local Units     | 28,720        | 9,570         | (19,150)  |
| Charges for Services:              |               |               |   |
| Franchise Fees                     |               | 1,353         |   |
| Grave Foundations                  |               | 4,767         |   |
| Grave Openings                     |               | 11,100        |   |
| Sale of Cemetery Lots              |               | 7,450         |   |
| Charges for Services               | 26,200        | 24,670        | (1,530)   |
| Interest and Rentals:              |               |               |   |
| Interest                           |               | 4,042         |   |
| Rent                               |               | 3,585         |   |
| Total Interest and Rentals         | 7,800         | 7,627         | (173)   |
| Other Revenue:                     |               |               |   |
| Proceeds From Sale of Fixed Assets |               | 7,225         |   |
| Land Split Applications            |               | 1,950         |   |
| Miscellaneous                      |               | 2,137         |   |
| Total Other Revenue                | 8,830         | 11,312        | 2,482   |
| Total Revenues                     | 294,500       | 285,027       | (9,473)   |

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2004**

| <u>Expenditures</u>        | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|----------------------------|---------------|---------------|---|
| <b>Legislative:</b>        |               |               |   |
| Salaries                   |               | 2,475         |   |
| Social Security            |               | 189           |   |
| Miscellaneous              |               | <u>245</u>    |   |
| Total Legislative          | <u>4,100</u>  | <u>2,909</u>  | <u>1,191</u>                                    |
| <b>General Government:</b> |               |               |   |
| Supervisor:                |               |               |   |
| Salary                     |               | 13,464        |   |
| Social Security            |               | 1,030         |   |
| Supplies                   |               | 277           |   |
| Computer Support           |               | 905           |   |
| Printing and Publishing    |               | 145           |   |
| Transportation             |               | 213           |   |
| Miscellaneous              |               | <u>166</u>    |   |
| Total Supervisor           | 16,364        | <u>16,200</u> | 164   |
| Elections:                 |               |               |   |
| Supplies                   |               | <u>71</u>     |   |
| Total Elections            | 22,720        | <u>71</u>     | 22,649  |
| Township Clerk:            |               |               |   |
| Salary                     |               | 13,464        |   |
| Social Security            |               | 1,030         |   |
| Supplies                   |               | 902           |   |
| Computer Support           |               | 1,648         |   |
| Printing and Publishing    |               | 720           |   |
| Transportation             |               | 27            |   |
| Miscellaneous              |               | <u>57</u>     |   |
| Total Township Clerk       | 18,614        | <u>17,848</u> | 766   |

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2004**

| <u>Expenditures (Continued)</u>       | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|---------------------------------------|---------------|---------------|---|
| <b>General Government (Continued)</b> |               |               |   |
| Assessor:                             |               |               |   |
| Contracted Services                   |               | 19,197        |   |
| Total Assessor                        | 19,300        | 19,197        | 103   |
| <br>Audit and Attorney:               |               |               |   |
| Contracted Services                   |               | 6,023         |   |
| Total Audit and Attorney              | 6,250         | 6,023         | 227   |
| <br>Board of Review:                  |               |               |   |
| Per Diem and Fees                     |               | 650           |   |
| Social Security                       |               | 18            |   |
| Total Board of Review                 | 1,020         | 668           | 352   |
| <br>Treasurer:                        |               |               |   |
| Salary                                |               | 16,464        |   |
| Deputy Salary                         |               | 900           |   |
| Social Security                       |               | 1,328         |   |
| Supplies                              |               | 4,448         |   |
| Computer Support                      |               | 720           |   |
| Miscellaneous                         |               | 99            |   |
| Total Treasurer                       | 24,139        | 23,959        | 180   |
| <br>Township Hall:                    |               |               |   |
| Salaries                              |               | 3,171         |   |
| Social Security                       |               | 243           |   |
| Supplies                              |               | 352           |   |
| Contracted Services                   |               | 2,841         |   |
| Telephone                             |               | 1,587         |   |
| Insurance and Bonds                   |               | 562           |   |
| Utilities                             |               | 3,921         |   |
| Maintenance and Repairs               |               | 1,722         |   |
| Miscellaneous                         |               | 97            |   |
| Total Township Hall                   | 17,925        | 14,496        | 3,429   |

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2004**

| <u>Expenditures (Continued)</u>       | <u>BUDGET</u>  | <u>ACTUAL</u>  | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|---------------------------------------|----------------|----------------|---|
| <b>General Government (Continued)</b> |                |                |   |
| Cemetery:                             |                |                |   |
| Salaries                              |                | 25,000         |   |
| Other Salaries                        |                | 7,866          |   |
| Social Security                       |                | 2,514          |   |
| Fringes                               |                | 12,329         |   |
| Supplies                              |                | 2,192          |   |
| Printing and Publishing               |                | 39             |   |
| Contracted Services                   |                | 5,105          |   |
| Telephone                             |                | 447            |   |
| Insurance and Bonds                   |                | 2,829          |   |
| Fuel and Gas                          |                | 1,030          |   |
| Maintenance and Repairs               |                | 3,090          |   |
| Miscellaneous                         |                | 317            |   |
| Capital Outlay                        |                | 10,595         |   |
| Total Cemetery                        | <u>80,975</u>  | <u>73,353</u>  | <u>7,622</u>                                    |
| Total General Government              | <u>207,307</u> | <u>171,815</u> | <u>35,492</u>                                   |
| <b>Public Safety:</b>                 |                |                |   |
| Fire:                                 |                |                |   |
| Supplies                              |                | 462            |   |
| Contracted Services                   |                | 44,142         |   |
| Telephone                             |                | 88             |   |
| Insurance and Bonds                   |                | 1,013          |   |
| Utilities                             |                | 576            |   |
| Fuel and Gas                          |                | 205            |   |
| Maintenance and Repairs               |                | 1,112          |   |
| Miscellaneous                         |                | 81             |   |
| Capital Outlay                        |                | 1,746          |   |
| Total Fire                            | <u>63,791</u>  | <u>49,425</u>  | <u>14,366</u>                                   |
| Total Public Safety                   | <u>63,791</u>  | <u>49,425</u>  | <u>14,366</u>                                   |
| <b>Public Works:</b>                  |                |                |   |
| Drains:                               |                |                |   |
| Contracted Services                   |                | 15,785         |   |
| Total Drains                          | <u>16,000</u>  | <u>15,785</u>  | <u>215</u>                                      |

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2004**

| <u>Expenditures (Continued)</u>          | <u>BUDGET</u>  | <u>ACTUAL</u>  | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|--|----------------|----------------|---|
| <b>Public Works (Continued)</b>          |                |                |   |
| Highways:                                |                |                |   |
| Contracted Services                      |                | 56,731         |   |
| Total Highways                           | 94,000         | 56,731         | 37,269  |
| <br>Total Public Works                   | <br>110,000    | <br>72,516     | <br>37,484                                      |
| <br><b>Recreation and Cultural:</b>      |                |                |   |
| Library:                                 |                |                |   |
| Contracted Services                      |                | 500            |   |
| Total Library                            | 500            | 500            | -   |
| <br>Total Recreation and Cultural        | <br>500        | <br>500        | <br>-   |
| <br><b>Other:</b>                        |                |                |   |
| Membership and Dues                      |                | 1,467          |   |
| Retirement                               |                | 7,295          |   |
| Insurance and Bonds                      |                | 6,740          |   |
| Total Other                              | 17,250         | 15,502         | 1,748   |
| <br>Total Expenditures                   | <br>402,948    | <br>312,667    | <br>90,281                                      |
| <br>Excess of Revenues Over (Under)      |                |                |   |
| Expenditures                             | (108,448)      | (27,640)       | 80,808  |
| <br>Other Financing Sources (Uses)       |                |                |   |
| Operating Transfers In                   | 68,700         | 34,027         | (34,673)  |
| Operating Transfers Out                  | -              | -              | -   |
| <br>Total Other Financing Sources (Uses) | <br>68,700     | <br>34,027     | <br>(34,673)                                    |
| <br>Excess of Revenues and Other Sources |                |                |   |
| Over Expenditures and Other Uses         | (39,748)       | 6,387          | 46,135  |
| <br>Fund Balance-April 1, 2003           | <br>241,688    | <br>241,688    | <br>-   |
| <br>Fund Balance-March 31, 2004          | <br>\$ 201,940 | <br>\$ 248,075 | <br>\$ 46,135                                   |



**ODESSA TOWNSHIP**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ALL TRUST AND AGENCY FUNDS**  
**For the Year Ended March 31, 2004**

|   | <u>Balance</u><br><u>03/31/03</u> | <u>Receipts</u>     | <u>Disbursements</u> | <u>Balance</u><br><u>03/31/04</u> |
|---|-----------------------------------|---------------------|----------------------|-----------------------------------|
| <b><u>CURRENT TAX COLLECTION FUND</u></b> |                                   |                     |                      |                                   |
| Assets:                                   |                                   |                     |                      |                                   |
| Cash                                      | \$ 2,019                          | \$ 2,422,572        | \$ 2,424,045         | \$ 546                            |
| Total Assets                              | <u>\$ 2,019</u>                   | <u>\$ 2,422,572</u> | <u>\$ 2,424,045</u>  | <u>\$ 546</u>                     |
| Liabilities:                              |                                   |                     |                      |                                   |
| Due to Other Funds                        | \$ 268                            | \$ 231,426          | \$ 231,148           | \$ 546                            |
| Due to State of Michigan                  | -                                 | 7,946               | 7,946                | -                                 |
| Due to Ionia County                       | 560                               | 971,836             | 972,396              | -                                 |
| Due to Lakewood Schools                   | 1,059                             | 836,484             | 837,543              | -                                 |
| Due to Intermediate School Districts      | 132                               | 359,916             | 360,048              | -                                 |
| Due to Lakewood Waste Water               | <u>-</u>                          | <u>14,964</u>       | <u>14,964</u>        | <u>-</u>                          |
| Total Liabilities                         | <u>\$ 2,019</u>                   | <u>\$ 2,422,572</u> | <u>\$ 2,424,045</u>  | <u>\$ 546</u>                     |



**WALKER, FLUKE & SHELDON, PLC**  
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July 8, 2004

To the Township Board  
Odessa Township  
Ionia County, Michigan

We have recently completed an audit of the financial statements of Odessa Township, Ionia County, Michigan for the year ended March 31, 2004. During the course of the audit, the following items came to our attention, which require further comment.

**Budgeting**

P.A. 621 of 1978, Section 17, provides that a local unit should amend the expenditures budget when it appears that the budgeted revenues will be less than anticipated expenditures. In addition, Section 18 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2004, the Township levied extra voted mills on the 2003 tax roll for library services creating a Special Revenue Fund. This Library Fund was not budgeted during the appropriation act, causing over expenditure in this area.

It is our recommendation that the Township include the Library Fund budget as part of its annual appropriation act approved each year. In addition, it is our recommendation that expenditures be compared in relation to amounts appropriated on a monthly basis for the Library Fund using the same procedures the Township currently uses for its other funds.

**General Fixed Asset Group Of Accounts**

During the course of the audit, it was noted that the Township has not finished creating a detailed listing of fixed assets that agrees with the balance of the general fixed assets group of accounts. This is a repeat comment from the prior year.

The general fixed asset group of accounts represents the fixed assets of the Township, which are not accounted for in an Enterprise, Working Capital or Trust Fund. A schedule or listing of fixed assets is essential to protect the Township's property. The general fixed asset listing should include the original date purchased or obtained, the description of the item and the amount paid. The general fixed assets should be classified among recommended asset classes as follows: Land, Buildings, Improvements Other Than Buildings, Equipment, and Construction In Progress.

We recommend that the Township finish creating a general fixed asset group of accounts. To arrive at the current balance in the general fixed asset group of accounts, we suggest scheduling the capital outlay activity for the last several years. Entries in the general ledger that are not referenced as to the detail of the items purchased should be traced to the corresponding disbursements journal and ultimately to the invoice. Next, we suggest that a complete inventory of all known general fixed assets be made. This inventory list should be compared to the general fixed asset group of accounts. Items on the inventory list that are not included on the general fixed asset group of accounts should be added. If the approximate date of acquisition is known, a reasonable market value as of that date should be recorded. This list will become crucial as the Township implements GASB 34.

We would like to take this opportunity to thank the Odessa Township Clerk and Treasurer for the cooperation and courtesy extended to us during the audit. If you have any questions or need assistance, do not hesitate to contact us.

*Walker, Fluke & Sheldon, PLC*